

**LAKELAND LIBRARY COOPERATIVE
FINANCE COMMITTEE MINUTES – Official
Thursday, May 14, 2019 at 11:00 a.m.
Lakeland Library Cooperative, Grand Rapids, MI**

Present: Teresa Kline (AF), Diane Kooiker (HO), Sharon Engelsman (AB)

Absent: Kelly Richards (UM)

Staff Present: Carol Dawe, Janet Cornell

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 11.04 a.m. by Kline.
- 2) **APPROVAL OF AGENDA:** Engelsman moved, supported by Kline, to approve the corrected agenda as presented - *motion carried*.
- 3) **APPROVAL OF MINUTES:** Engelsman moved, supported by Kline, to approve the Finance Committee minutes from July 10, 2018 as presented – *motion carried*.
- 4) **NEW BUSINESS:**
 - a) *Administrative Policies* –
 - i) The policies as revised in April 2017 were reviewed by the committee. Clarifications were made on a few sections including:
 - (1) List of Authorized Investments (4.3.5) – The policy does not specify FDIC insured, but the committee indicated that the types of investments are spelled out in the Public Act referenced. Kooiker recommended using Michigan CLASS as an investment tool with a great rate of return. The committee asked staff to investigate using this tool.
 - (2) Investment Activity Report (4.3.9) – Cornell presented a sample for the annual report which hasn't been in a summarized report in the past. The committee recommended submitting a summarized report of the yearly activity and the average return on investment, as the monthly investments are already reflected in the monthly financial statements.
 - (3) Policy Guidelines on minimum Unassigned Fund Balance (6.3.4) – Dawe asked for clarification on the \$250,000 minimum determination and purpose. The amount is kept as a reserve for cash flow purposes. The committee recommended revisiting this amount at a later date, as it should reflect a percentage of total expenditures.
 - ii) *Creating Funds* – Dawe requested the need for more than just an operating fund. She suggested three funds consisting of an operating fund, a vendor fund, and a growth fund. These funds would utilize our current committed funds for specific purposes and allow for more transparency in how funds are used. The committee expressed this was an internal accounting need but felt it would help clarify reports to the membership. Kooiker suggesting changing the names from Vendor to Pass Through and Growth to Capital to keep it in terms the membership already recognize.
 - b) *Operating Fund Budget Draft 1* -
 - i) *Salary recommendations* – The committee recommended adding notations explaining changes and staffing needs.
 - ii) *Scenarios* – The committee discussed the 3 scenarios presented which addressed outcomes of state aid amount received. A 3-year budget was mentioned as an expectation the committee would like to see in the future, which can also incorporate fluctuations in state aid.

Engelsman moved, supported by Kline to approve Draft 1, Scenario 2 of the Operating Fund Budget for FY2019-20, with a notation included for any decrease in state aid to be covered from the unassigned fund balance. – *motion carried*.
 - c) *Balance Sheet* – Looking at the Fund Balances listed on the Balance Sheet, the committee recommended changes to reflect what is included in specific funds. Any activities that should be

included in the operating fund should not be reflected in the fund balances since they are included within the operating budget. The committed balances for Delivery, Building Improvements and Tech Upgrades should be part of the capital fund, and Property should not be classified as a Fund Balance, but reflect the equity in the fixed assets owned.

Engelsman moved, supported by Kline to rename and reassign the fund balance accounts on the balance sheet to clarify and reflect accounting practices. – *motion carried.*

d) *Growth Fund/Capital Fund* – Kooiker stated the current value associated with fixed assets was \$5,000 so anything under that should be in the operating budget.

i) *Building Improvement Plan* – Some of the items listed were steps for one project so the committee recommended bundling them into one project and doing them all at once, using the available funds committed to Building Improvements first.

Engelsman moved, supported by Kline to create a capital improvement fund using the available committed funds from Building Improvements for building and grounds plans in this fiscal year, not to exceed \$10,000. – *motion carried.*

ii) *Capital Improvement Plan* – Dawe stated the priority right now in technology is servers for the ILS system. Leasing is an option, and per a conversation with the auditor, can be included in a capital budget. The committee suggested again using the available committed funds already for technology upgrades, then setting plans in place to earmark replacement funds over 3-5 years. Ideas were discussed on how to incorporate these costs over time.

e) *Next Steps* – Staff will put together the recommended changes and have the budgets ready to be presented at the July Advisory meeting and the August Board meeting.

5) **NEXT MEETING:** July 2019 at Lakeland Library Cooperative. Date TBD by poll.

6) **ADJOURNMENT:** Engelsman moved, supported by Kline, to adjourn at 12:52 p.m. - *motion carried.*